



APPENDIX 4D

itX GROUP LIMITED ABN 77 107 656 833

HALF YEAR REPORT HALF YEAR ENDED 31 DECEMBER 2009

The reporting period is the half year ended 31 December 2009 with the corresponding period being the half year ended 31 December 2008.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results	A\$'000			
Revenues from ordinary activities	Up	20.9%	To	81,664
Profit from ordinary activities after tax before amortisation attributable to members	Up	20.3%	To	3,711
Net Profit from ordinary activities after tax attributable to members	Up	25.5%	To	3,551

Dividends	Amount per Security	Franked Amount per Security
Final dividend paid on 16 September 2009 in respect of the financial year ended 30 June 2009	3.75 cents	3.75 cents
Interim dividend proposed for the six month period to 31 December 2009	2.75 cents	2.75 cents
Record date for determining entitlements to the interim dividend	9 March 2010	

The net tangible assets per share for the half year ended 31 December 2008 and 31 December 2009 were 14.9 cents and 25.5 cents respectively

THIS REPORT IS TO BE READ IN CONJUNCTION WITH THE HALF YEAR FINANCIAL REPORT OF itX GROUP LIMITED

itX Group Limited

ACN 107 656 833

Half-Year Financial Report for the period ended 31 December 2009

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itX Group Limited – Half-Year Report

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Directors' report

The directors of itX Group Limited submit herewith the financial report of itX Group Limited and its subsidiaries (the Group) for the half-year ended 31 December 2009. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Name

D. H. Katrak	Chairman
L. Sellers	Managing Director
G. Billingsley	Non-Executive Director
K. Kerridge	
T. McGrouther	

The above named directors held office during and since the end of the half-year, except for:

K. Kerridge	Non-Executive Director (Resigned 14 July 2009)
T. McGrouther	(Alternate to K. Kerridge, resigned 14 July 2009)

Principal activities

The company operates in Australia as a leading distributor of IT products, offering some of the world's leading technologies in conjunction with in-depth technical pre-sales support to the enterprise market, and also provides a specialist range of services product solutions and web hosting services. Its subsidiaries operate as distributors of specialist technology products such as printers and media for personal identification and security cards, medical and photographic imaging.

Review of Operations

The Group performed well in the difficult market conditions that prevailed during the half year.

IT Distribution (including SUN Microsystems), Web Hosting and IT Services and Technology Products Distribution (Briell Marketing) businesses all performed satisfactorily with good order intake, revenues and cost control measures in place.

Consolidated Revenue for the half-year ended 31st December 2009 was \$81.66m (2008: \$67.52m). Profit After Tax for the half-year was \$3.55m (2008: \$2.83m).

Dividends

A final dividend of 3.75 cents per share franked to 100% at the 30% corporate income tax rate was paid on 16 September 2009 in respect of the financial year ended 30 June 2009.

The Directors have declared a Dividend of 2.75 cents per share franked to 100% at the 30% corporate income tax rate payable on 23 March 2010 in respect of the half-year ended 31 December 2009.

Auditor's independence declaration

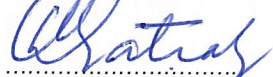
The auditor's independence declaration is included on page 2 of the half-year financial report.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

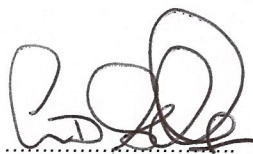
Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



D. H. Katrak
Chairman

Sydney, 23 February 2010



L.D. Sellers
Managing Director

The Board of Directors
itX Group Limited
Level 3, 67 Epping Road
North Ryde NSW 2113
23 February 2010

Dear Board Members

itX Group Limited


In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of itX Group Limited.

As lead audit partner for the review of the financial statements of itX Group Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely


DELOITTE TOUCHE TOHMATSU


B Moore
Partner
Chartered Accountant

Independent Auditor's Review Report to the Members of itX Group Limited

We have reviewed the accompanying half-year financial report of itX Group Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of cash flows, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year as set out on pages 5 to 13.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of itX Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of itX Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


DELOITTE TOUCHE TOHMATSU



B Moore
Partner
Chartered Accountants
Deloitte, Parramatta 23 February 2010

Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

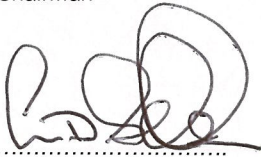
Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



.....
D. H. Katrak

Chairman



.....
L.D. Sellers

Managing Director

Sydney, 23 February 2010

**Condensed consolidated statement of comprehensive income
for the half-year ended 31 December 2009**

	Note	Consolidated	
		Half-year ended	
		31 Dec 2009	31 Dec 2008
		\$'000	\$'000
Revenue	2	81,664	67,520
Other income		38	212
Finished goods used		(64,257)	(50,185)
Employee benefits expense		(8,227)	(8,482)
Depreciation and amortisation expense	3	(445)	(561)
Other expenses		(3,722)	(4,352)
Profit before tax		5,051	4,152
Income tax expense		(1,500)	(1,323)
Profit for the period		3,551	2,829
Other comprehensive income		-	-
Total comprehensive income for the period		3,551	2,829
Basic and diluted earnings per share (cents)		7.1	5.7

Notes to the condensed consolidated financial statements are included on pages 10 to 13.



Condensed consolidated statement of financial position as at 31 December 2009

	Note	Consolidated	
		31 Dec 2009	30 June 2009
		\$'000	\$'000
Current assets			
Cash and cash equivalents		11,206	10,015
Trade and other receivables		25,890	28,573
Inventories		2,697	3,358
Other		203	168
Total current assets		39,996	42,114
Non-current assets			
Property, plant and equipment		2,200	713
Deferred tax assets		1,035	840
Goodwill	4	7,009	7,009
Other intangible assets	5	748	908
Total non-current assets		10,992	9,470
Total assets		50,988	51,584
Current liabilities			
Trade and other payables		26,701	30,156
Current tax payables		1,157	1,326
Provisions		932	1,080
Other	6	204	10
Total current liabilities		28,994	32,572
Non-current liabilities			
Provisions		529	194
Other	6	971	-
Total non-current liabilities		1,500	194
Total liabilities		30,494	32,766
Net assets		20,494	18,818
Equity			
Issued capital		5,642	5,642
Retained earnings		14,852	13,176
Total equity		20,494	18,818

Notes to the condensed consolidated financial statements are included on pages 10 to 13.



**Condensed consolidated statement of changes in equity
for the half-year ended 31 December 2009**

	Issued capital	Retained earnings	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2008	5,642	8,934	14,576
Profit for the period	-	2,829	2,829
Total comprehensive income for the period	-	2,829	2,829
Payment of dividends	-	(1,750)	(1,750)
Balance at 31 December 2008	5,642	10,013	15,655
Balance at 1 July 2009	5,642	13,176	18,818
Profit for the period	-	3,551	3,551
Total comprehensive income for the period	-	3,551	3,551
Payment of dividends	-	(1,875)	(1,875)
Balance at 31 December 2009	5,642	14,852	20,494

Notes to the condensed consolidated financial statements are included on pages 10 to 13.

**Condensed consolidated statement of cash flows
for the half-year ended 31 December 2009**

	Consolidated	
	Half-year ended	
	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	92,569	77,049
Payments to suppliers and employees	(87,244)	(72,336)
Income tax paid	(1,864)	(2,489)
Net cash provided by operating activities	3,461	2,224
Cash flows from investing activities		
Interest received	136	182
Payment for property, plant and equipment	(1,791)	(206)
Proceeds from sale of property, plant and equipment	-	26
Lease incentive received	1,260	-
Payment for business acquisitions	-	(7,838)
Net cash used in investing activities	(395)	(7,836)
Cash flows from financing activities		
Dividends paid	(1,875)	(1,750)
Net cash used in financing activities	(1,875)	(1,750)
Net increase/(decrease) in cash and cash equivalents	1,191	(7,362)
Cash and cash equivalents at the beginning of the period	10,015	13,718
Cash and cash equivalents at the end of the period	11,206	6,356

Notes to the condensed consolidated financial statements are included on pages 10 to 13.

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2009 annual financial report for the financial year ended 30 June 2009, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised standards and Interpretations effective for the current period that are relevant to the Group include:

- AASB3 *Business Combinations*
- AASB8 *Operating Segments*
- AASB101 *Presentation of Financial Statements*

The adoption of these new and revised Standards and Interpretations has resulted in changes to disclosures made in the financial report. There has been no significant impact on the amounts reported for the current or prior periods as a result of the adoption of these standards.

2. Revenue

An analysis of revenue for the half-year period is as follows:

	Half year-ended	
	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Revenue from the sale of goods	73,322	57,990
Revenue from services	8,206	9,348
Interest revenue:		
Interest on bank deposits	136	181
Other interest received	-	1
	81,664	67,520

3. Depreciation and amortisation expense

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Depreciation of non-current assets	285	305
Amortisation of non-current assets	160	256
	445	561

4. Goodwill

	Gross carrying amount	Accumulated impairment losses	Net book value
	\$'000	\$'000	\$'000
Balance at 1 July 2008	2,524	-	2,524
Increase during the period (stamp duty on deferred ICO consideration)	41	-	41
Goodwill on business combination	4,475	-	4,475
Balance at 31 December 2008	7,040	-	7,040
Balance at 1 July 2009	7,009	-	7,009
Increase during the period	-	-	-
Goodwill on business combination	-	-	-
Balance at 31 December 2009	7,009	-	7,009

5. Other Intangible Assets

	Gross carrying amount	Accumulated amortisation and impairment losses	Net book value
	\$'000	\$'000	\$'000
Balance at 1 July 2008	458	(366)	92
Acquisition through business combination	1,327	-	1,327
Amortisation expense for the period	-	(256)	(256)
Balance at 31 December 2008	1,785	(622)	1,163
Balance at 1 July 2009	1,785	(877)	908
Acquisition through business combination	-	-	-
Amortisation expense for the period	-	(160)	(160)
Balance at 31 December 2009	1,785	(1,037)	748

The intangible assets relate to customers and contracts, intellectual property rights and use of business name.

6. Other liabilities

Other liabilities represent the lease incentive received in relation to the new property lease.

7. Segment information

The Group has adopted AASB 8 *Operating Segments* and AASB 2007 *Amendments to Australian Accounting Standards arising from AASB 8* with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess performance. In contrast, the predecessor Standard (AASB 114 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed.

7. Segment information (cont'd)

In prior years, segment information reported externally was analysed on the basis of the types of goods supplied by the Group's operating divisions (i.e. Distribution and Services). However, information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is more specifically focused on the category of products and services for each segment. The Group's reportable segments under AASB 8 are therefore as follows:

- IT Distribution - Distribution of IT Hardware and Software
- IT Services - IT Services and Web Hosting
- Technology Products Distribution - Distribution of specialist technology products

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of AASB 8. The accounting policies of the new reportable segment is the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	Revenue		Segment profit	
	Half-year ended		Half-year ended	
	31 Dec 2009 \$'000	31 Dec 2008 \$'000	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Technology Products Distribution	5,630	4,671	1,510	863
IT Distribution	72,426	58,400	5,366	5,443
IT Services	3,472	4,267	434	116
	81,528	67,338	7,310	6,422
Interest Revenue	136	182	136	182
Other Income			38	212
Central Administration & directors salaries			(2,273)	(2,408)
Amortisation of intangible assets			(160)	(256)
Profit before tax			5,051	4,152
Income tax expense			(1500)	(1,323)
Consolidated segment revenue and profit for the period	81,664	67,520	3,551	2,829

The revenue reported above represents revenue generated from external customers. Intersegment sales are not material.

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, investment revenue and finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by reportable operating segment:

	Assets	
	31 Dec 2009 \$'000	30 June 2009 \$'000
Continuing operations		
Technology Products Distribution	5,451	3,281
IT Distribution	24,233	28,334
IT Services	704	1,152
Total segment assets	30,388	32,767
Unallocated assets	20,600	18,817
Total assets	50,988	51,584

8. Dividends

During the period itX Group Limited made the following dividend payments:

	Half-year ended 31 Dec 2009		Half-year ended 31 Dec 2008	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Fully paid ordinary shares				
Final dividend	3.75	1,875	3.50	1,750
	3.75	1,875	3.50	1,750

On 15th January 2010, the directors declared a fully franked interim dividend of 2.75 cents per share to the holders of fully paid ordinary shares in respect of the half-year ended 31 December 2009, to be paid to shareholders on 23 March 2010. The dividend will be paid to all shareholders on the Register of Members on 9 March 2010. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$1,375 million.

9. Economic dependency

A significant amount of the Group's activities and profit relate to the distribution of SUN Microsystems products.

10. Subsequent events

There have been no significant events which have occurred subsequent to the half-year end which may affect either the Company's operations or results of these operations or the Company's state of affairs.